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# IRS Must Repay Spy's Widow

## *\$3,000 Had Been Seized from Chin's Estate*

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U.S. District Judge Claude M. Hilton ordered the Internal Revenue Service yesterday to return about \$3,000 in taxes it had collected from the estate of convicted spy Larry Wu-Tai Chin, saying the government had not proved that his widow was attempting to conceal his assets.

Hilton's order does not affect a claim by the IRS that Chin's estate owes \$186,854 in delinquent taxes on income the government said Chin earned from espionage and gambling.

But it defers collection of that amount until the tax liability on Chin's estate is settled in tax court where Chin's widow is contesting the IRS figures.

Chin, a former CIA analyst, was convicted Feb. 7 of espionage and tax violations in connection with his spying activities for China. He committed suicide two weeks later in a Prince William County jail cell while awaiting sentencing.

Hilton's ruling in U.S. District Court in Alexandria came in a hearing requested by Chin's widow, Cathy, after the IRS confiscated some cash from a safe deposit box because it claimed she was trying to hide some of her husband's assets.

In a letter dated Feb. 27, the IRS

said some bank transactions she had made warranted "the inference of concealment" and so it was moving to collect the taxes immediately.

Chin's attorney, William A. Carey, argued yesterday that she had "no intention of concealing assets and no intention of avoiding taxes." He said she withdrew \$35,000 from two bank accounts in February for a down payment on a condominium in Fremont, Calif., where she planned to move.

Carey also said that, at her husband's request after his arrest, she traveled to Hong Kong in January to transfer \$80,000 from one of his accounts there to a local bank so she could have access to the money. Her intent was not to put it beyond the reach of the IRS, Carey said. That transaction never took place because bank officials wanted more documents.

Justice Department attorney Michael Kearns argued that Carey was providing after-the-fact justifications for actions by Chin that "certainly looked suspicious" and made it "reasonable to conclude there was jeopardy to the collection of the taxes."

"I just don't believe that the government has met its burden" in proving that Chin was trying to conceal income, Hilton said, adding that "the bulk of the property is tied up in the estate and Mrs. Chin cannot get to it."